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## McALLEN NATIONAL BANK



SURFACE TRANSPORTATION BOARD

February 6, 2004

VIA FEDERAL EXPRESS AIRBILL NO. 8385 4050 5774 Mr. Vernon Williams, Secretary Surface Transportation Board Recordation Dept. 1925 K Street NW, Suite 700 Washington, D.C. 20423



Re:

Texas Railcar Leasing Company, Inc.

Dear Mr. Williams:

I have enclosed an original and one certified copy of the document described below, to be recorded, pursuant to Section 11303, Title 49 of the U.S. Code.

The document described is the Security Agreement, being the primary document, dated January 14, 2004. A description of the equipment covered by the document is as follows:

Fourteen (14) 100-ton 4,000 cubic feet rapid discharge gondola railcars identified as follows:

TRLX	<u>TRLX</u>	TRLX
81001	81002	81003
81004	81005	81006
81007	81008	81009
81010	81011	81012
81013	81014	

A fee of \$30.00 is enclosed. Please return the original and the extra copy, if it is not needed by the Commission for recordation, to Byron Calcote, Senior Vice President, McAllen National Bank, 1801 S. McColl Road, McAllen, TX 78502.

A short summary of the document to appear in the index is as follows:

Mr. Vernon Williams Correspondence Page Two

A Security Agreement by Texas Railcar Leasing Company, Inc., P.O. Box 1330, McAllen, Texas, dated January 14, 2004, covering fourteen (14) 4,000 cubic feet, 100 ton rapid discharge gondola railcars.

Sincerely,

By on L. Calcote,
Senior Vice President

/jmf Enclosures

This instrument was acknowledged before me on the day of February, 2004, by Byron L. Calcote, Senior Vice President of McAllen National Bank, McAllen, Texas on behalf of said corporation.

JAN M FULLER
Notary Public
STATE OF TEXAS
My Comm. Exp. 02-08-2007

Notary Public in and for the State of Texas

oan#	22366	

SECURITY AGREEMENT

DATE OF AGREEMENT

01/14/2004

SECURED PARTY'S NAME AND ADDRESS

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DEDION	O HANGE	

TEXAS RAILCAR LEASING COMPANY, A Texas Corporation

MCALLEN NATIONAL BANK

P.O. BOX 5555 MCALLEN, TX 78503

DEBTOR'S ADDRESS

**BOX 1330** MCALLEN, TX 78505

GRANT OF SECURITY INTEREST. For value received, the undersigned (referred to as "Debtor" whether one or more) grants to Secured Party named above a security interest in the Collateral described below to secure the payment of the "Indebtedness" (as defined below) and performance of all Debtor's obligations and agreements in this Agreement or other documents evidencing the Indebtedness. For purposes of this Agreement, any term used in the Uniform Commercial Code, as adopted and revised from time to time in the State of Texas in the Texas Business and Commerce Code ("UCC"), and not defined in this Agreement has the meaning given to the term in the UCC. Debtor's location (if other than the address reflected above) is in the state of TEXAS.

DESCRIPTION OF COLLATERAL. The "Collateral" shall include:
PURCHASE MONEY INTEREST CLAIMED. All equipment of whatever kind or nature, wherever located, now owned or hereafter acquired, and all returns, repossessions, exchanges, substitutions, replacements, attachments, parts, accessories, and accessions thereto and thereof and all proceeds thereof, (whether in the form of cash, instruments, chattel paper, general intangibles, accounts or otherwise); including, but not limited to the following fourteen (14) 100 ton - 4,000 cubic feet rapid discharge gondola railcars:

TRLX	TRLX	TRLX	
81001	81002	81003	
81004	81005	81006	
81007	81007	81008	
81009	81010	81011	
81012	81012	81013	
81014			

RECORDATION NO. 24809 FILED

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SURFACE TRANSPORTATION BOARD

This term "Collateral" also includes to the extent not listed above as original collateral:

- (1) After-Acquired Property. After-acquired property; provided, however, the security interest will not attach to (a) consumer goods, other than an accession when given as additional security, unless the Debtor acquires rights in them within 10 days after the Secured Party gives value; or (b) a commercial tort claim
- (2) Proceeds. Proceeds, products, additions, substitutions and accessions of the Collateral
- (3) Deposits. Unless prohibited by law, any property (excluding Individual Retirement Accounts and other qualified retirement accounts), tangible or intangible, in possession of Secured Party at any time during the term of this Agreement, or any indebtedness due from Secured Party to Debtor and any deposit or credit balances due from Secured Party to Debtor, and Secured Party may at any time while the whole or any part of the Indebtedness remains unpaid, whether before or after maturity thereof, be appropriated, held or applied toward payment of the Indebtedness or any obligation of Debtor to Secured
- Party.

  III. SECURED INDESTEDNESS. The security interest granted under this Agreement secures the following (referred to as the "Indebtedness"): (1) the performance of all of the agreements, obligations, coverants and warranties of Debtor as set forth in this Agreement or any other agreement between Debtor and Secured Party, (2) all labilities of Debtor to Secured Party of every kind and description, including (a) all promissory notes given from Debtor to Secured Party, of all future advances from Secured Party to Debtor, whether in the form of a ion for a similar or different purpose than any other loan to Debtor, (c) Debtor's overdrafts, whether business or personal, (d) direct or indirect liabilities, (d) labilities do not to become due and whether absolute or contingent, and (f) liabilities now existing or hereafter arising and however evidenced, (3) all extensions, renewals and deferrats of liabilities of Debtor to Secured Party for any term or terms, to which the undersigned hereby consents, (d) all interest and other finance charges due or to become due on the liabilities of Debtor to Secured Party, (5) All expenditures by Secured Party involving the performance or enforcement of Debtor's obligations, agreements, covenants and warranties under this Agreement or any other agreement between Debtor and Secured Party, and (i) All costs, attorneys' fees and other expenditures of Secured Party and in the collection and enforcement of any obligation or liability of Debtor to Secured Party and in the Collection and enforcement.

## IV. GENERAL PROVISIONS.

CENERAL PROVISIONS.

1. WAIVERS. No act, delay or omission, including Secured Party's written express waiver of a remedy after any default under this Agreement, shall constitute a waiver of any of Secured Party's rights and remedies not expressly waived in writing under this Agreement or any other agreement between the parties. All of Secured Party's rights and remedies are cumulative and may be exercised singly or concurrently. The waiver or exercise of any one or more rights or remedies will not be a waiver or a bar to the exercise of any other rights or remedies are cumulative and may be exercised singly or concurrently. The waiver or exercise of any one or more rights or remedies default. No waiver, change, modification or discharge of any of Secured Party's rights or remedies to Debtor's duties as specified or allowed by this Agreement will be effective unless in writing and signed by a duly authorized officer of Secured Party. Acceptance of any partial or late payments that in a constitute a waiver of any requirement of this Agreement or impose any additional motification duties upon Secured Party. Debtor and all other signers, including guarantors, waive presentiment, notice of dishonor and protest, notice of default, notice of intention to accelerate and notice of acceleration and consent to any and all extensions of time for any term or terms regarding payment due, partial payments, or renewals before or after maturity. Debtor and all other signers, including guarantors, further consent to substitution, impairment, release or nonperfection with regard to the Collaeral, and the addition or release of or agreement not to sue any party or guarantor.

2. AGREEMENT BINDING ON ASSIGNS. This Agreement inures to the benefit of Secured

release or nonpertection was regard to the Common to use any party or guaranteems.

2. AGREEMENT BINDING ON ASSIGNS. This Agreement inures to the benefit of Secured Party's successors and assigns, and is binding upon Debtor's heirs, executors, administrators, representatives, successors and permitted assigns (and all persons who become bound as a debtor to this Security Agreement), but no person taking from or representing Debtor has any right to advances under any instrument or document secured by this Agreement.

3. CHANGES IN TERMS. Secured Party reserves the right to change any of the terms of this Agreement in accordance with applicable law and the provisions of this Agreement.

4. TERM OF AGREEMENT. This Agreement, and the security interest created by this Agreement, will remain in force until all of the Indebtedness is paid in full, unless the security interest created by this Agreement, and the security interest created by this Agreement.

interest created by this Agreement is earlier released by Secured Party in writing.

5. RIGHTS OF SECURED PARTY ASSIGNABLE. Secured Party, at any time and at its option,

may pledge, transfer or assign its rights under this Agreement in whole or in part, and any transferee or assignee shall have all Secured Party's rights or the parts of them so pledged, transferred or assigned. Debror's rights under this Agreement or in the Collateral may not be assigned without Secured Party's prior written consent.

- 6. JOINT AND SEVERAL RESPONSIBILITY OF DEBTOR AND SURETIES. The responsibilities of Debtor and any co-debtor, guaratior, surety or accommodation party under this Agreement are joint and several, and the references to Debtor in this Agreement shall be deemed to refer to each such person, including any person who pledges Collateral even if such pledgor is not otherwise liable under any promissory note, guaratary or other instrument secured by this Agreement.
  7. SEPARABILITY OF PROVISIONS. If any provision of this Agreement shall for any reason be held invalid or unenforceable, such invalidity or unenforceable provision had never existed.

of this Agreement, and this Agreement shall be construed as if such invalid or unentorceable provision had never existed.

GOVERNING LAW. This Agreement shall be construed and enforced in accordance with the laws of the State of Texas, except to the extent that the UCC provides for application of the law where the Debtor or the collateral is located (if other than Texas) as the case may be.

9. ENTIRE AGREEMENT. This Agreement, together with any mortgage of real estate which may be Collateral, constitutes the entire agreement between the parties with respect to the subjects addressed herein. This Agreement may be amended or modified only by a writing signed by Secured Party specifying that it is a modification, amendment or addition to this Agreement.

Party specifying that it is a modification, amendment or addition to this Agreement.

V. EVENTS OF DEFAULT. Debtor shall be in default under this Agreement upon the happening of any one or more of the following events or conditions, called "Events of Default" in this Agreement:

1. If any warranty, covenant, agreement, representation, financial information or statement made or furnished to Secured Party to enter into this Agreement, or in conjunction with it, is violated or proves to have been false in any material respect when made or furnished.

2. If any payment required in this Agreement or under any other agreement or obligation of Debtor to Secured Party or to others is not made when due or in accordance with the terms of the applicable contract:

2. If any payshink required in this Agreement of mass any outsi agreement with the terms of the applicable control of Debtor to Secured Party or to others is not made when due or in accordance with the terms of the applicable control of Debtor of Secured Party or to others, including without limitation Debtor's failure to insure the Collateral or unlawful uses of the Collateral are any other agreement, mortgage or obligation of Debtor to Secured Party or to others, including without limitation Debtor's failure to insure the Collateral or unlawful uses of the Collateral are contained in this Agreement or condition exists or occurs which results in acceleration of the maturity of any obligation of Debtor to Secured Party or to others under any note, mortgage, indenture, agreement, or undertaking.

5. If anyone makes any levy against or seizes, garnishes or attaches any of the Collateral; if Debtor consensually encumbers any of the Collateral, or if Debtor sells, leases, or otherwise disposes of any orther Collateral without Secured Party's prior written consent as required by this Agreement or any mortgage executed in connection with this Agreement.

6. If the Collateral is lost, stolen, substantially damaged or destroyed.

7. If, in Secured Party's judgment, the Collateral becomes unsatisfactory or insufficient in character or value, and upon request Debtor fails to provide additional Collateral as required by Secured Party.

8. If at any time Secured Party, in its sole discretion, believes the prospect of payment or value, and upon request Debtor fails to provide additional Collateral as required by Secured Party.

9. If Debtor or any guarantor or surety dies, dissolves, terminates existence, or becomes insolvent; if Debtor makes an assignment for the benefit of creditors, or if any proceeding is commenced under any bankruptcy or insolvency law by or against Debtor or any squarantor or surety of Debtor.

10. If the Collateral is removed from the location specified in this Agreement or in a separate notice of th

in the report.

by VI. ADDITIONAL PROVISIONS. The undersigned specifically agree to all of the "Additional" Provisions" on the reverse side of this Agreement.

SECURED PARTY'S SIGNATURE	DEBTORS' SIGNATURE(S)
MCALLEN NATIONAL BANK	TEXAS RAILCAR LEASING COMPANY, A Texas Corporation  AP Do  By: GRACE P. NOVELL, PRESIDENT
Trans Calot	
BYRON CALCOTE, SR. VICE	
Form TX725	© Copyright 06/01 American Bank Systems

- 2. INFORMATION ON COLLATERAL. Debtor will furnish to Secured Party information adequate to identify in this Agreement or the performance of the duties specified in the notice.

  12. POSSESSION. Debtor shall have possession of the Collateral, except where expressly otherwise provided in this Agreement or where Secured Party chooses to perfect its security interest by possession in addition to the all Collateral, in a form and at such times as Secured Party may request. Debtor also will deliver to Secured Party chooses to purchase orders, shipping, delivery and warehouse receipts, and invoices evidencing Party in ordifying the full entary of Secured Party is security interest and obtaining an acknowledgment from the and describing the Collateral in the bedfing before the collateral in the collateral in the performance of the duties specified in the hostice.

  12. POSSESSION. Debtor shall have possession of a third party. Debtor will party. Debtor will possession of a third party. Debtor will party. Debtor will party. Debtor will party. Debtor will possession of a third party. Debtor will party. Debtor will party. Debtor will party of Secured Party is security interest and obtaining an acknowledgment from the and describing the Collateral or the benefit of Secured Party was require to evidence, perfect and record customers. Debtor will execute such documents as Secured Party may require to evidence, perfect and record security interest party and party in the perfect of the party in the perfect of the duties and the perfect the party in the perfect the perfect of the perfect of the perfect will be perfect the perfect of the perfect of the perfect the perfect of the perfect of the perfect the perfect the perfect of the perfect the perfect of the perfect of the perfect of the perfect the perfect the perfect of th
- 3. OWNERSHIP FREE OF ENCUMBRANCES. Except for the security interest granted by this Agreement of the secured Party. Debtor own on owns, or will use the proceeds of the advances secured by this Agreement to become the owner of the Collateral for the agreement of the collateral party. Debtor own owns, or will use the proceeds of the advances secured by this Agreement to become the owner of the Collateral for has rights in or the power to transfer the Collateral) free from any prior collaters, security interests or excumbrances. Debtor warrants title to and will defend the Collateral against all clientars against all clientars, security interests or excumbrances. Debtor warrants title to and will defend the Collateral against all clientars against all clientars, and the collateral against all clientars against all clientars and the defendences that the debtor of the collateral against all clientars against all clientars against all clientars against all clientars are provided to purchase to purchase a particular item of Collateral shall be paid in the chronological order the Debtor is the Indebtor of the Collateral shall be paid in the chronological order the Debtor is the Indebtor of the Collateral shall be paid in the chronological order the Debtor is an individual. Debtor's principal residence is at Debtor's address as set forth herein.

  16. DEBTOR'S NAME AND LOCATION. Debtor's principal residence is at Debtor's address as set forth herein.
- liens or security interests other than Secured Parry's security interest to attach to a syn of the Collateral, and will not be done that may impair the value of the Collateral or the security interest granted to Secured Parry by Delton.

  4. FINANCING STATEMENTS. No Financing Statement or Lien Entry Form covering the Collateral is on the security interest granted to Secured Parry by Delton in any public office except in connection with this Agreement. Delton agrees to join with Secured Parry and provide such during the security office of security office or more Lien Entry Forms. Financing Statements, or Effective Financing Statements in form location (i.e., place of business, their descutive office or security of the state reflected for Debtor's address or as otherwise set forth on its state of organization, as the case may be) is in the state reflected for Debtor's address or as otherwise set forth on its state of organization, as the case may be) is in the state reflected for Debtor's address or as otherwise set forth on its advised parry in the security office or within a protection of the security interest granted in this Agreement. Debtor leaves the part of the security office or security of the security of the security of the organization of the state reflected for Debtor's address or as otherwise set forth on its feat of organization (as the case may be) is in the state reflected for Debtor's address or as otherwise set forth on its adventures as the security of the organization of the state reflected for Debtor's address or as otherwise set forth on its adventures. The organization is the security of the security of the security of the organization (i.e., place of pairs and pairs of pairs of the pairs of the pairs of the pairs of the organization of the security of the organization (i.e., place is a pairs of the pairs of the pairs of the organization). The pairs of the orga
- 6. SALE, LEASE OR DISPOSITION OF COLLATERAL PROHIBITED. Debor shall not sell, morrage, transfer, exchange, lease, hypothecase, assign, license, grant any other security increase or otherwise dispose of all or any part of the Collateral or Debor's rights in it without first obtaining Security Party security increase or otherwise dispose of all or any part of the Collateral or Debor's rights in it without first obtaining Security Party servine consents. Security increase or any part of the Collateral or Debor's rights in excessing Security Party security increase or any part of the Collateral or Debor's rights in excessing to preserve the Collateral and upon Security Party seems to be for the protection of the Party's demand, with an appropriate credit for its value, Debor will make available to Secured Party all feed, both protected to official experiments of the protection of the protection of its hyair agreement of the protection of

- REPRESENTATIONS, WARRANTIES AND COVENANTS

  1. FINANCIAL INFORMATION. All applications, balance sheets, earnings statements, and other financial which is secured by any security agreement executed by Debtor in Secured Party's favor, including this ormation and representations which have been, or may later be, furnished to Secured Party to induce it to enter a greement, unless such security would cause Secured Party to be in violation of a right of rescission or a or continue a financial transaction with Debtor fairly represent Debtor's financial continues and restriction on security interests, in which case, to that extent, such amounts will not be secured. The amount of the period shown in such documents. All information furnished to Secured Party at any time and in any form is, behave it is the transfer, there and securate in lat internation extends the state of the period shown in such documents. All information furnished to Secured Party at any time and in any form is, behave it is the transfer, there are document and internation and such that the period of the period shown in such documents. All information internation and such that the period of the period shown in such documents. All information and control in the period shown in such documents. All information about Debtor's address set forth in this body of the period of the perio

  - 14. <u>CHATTEL PAPER.</u> If the Collateral includes chattel paper, Debtor will not create any chattel paper thout placing a legend on the chattel paper acceptable to Secured Party indicating that Secured Party has a unity interest in the chattel paper.
- Financing Statement.

  3. IOCATION OF COLLATERAL RECORDS, INVENTORY AND EQUIPMENT. Debtor will give Secured Party written motice of each office or location at which the Collateral and Debtor's records pertaining to the Collateral and and the lept at Debtor's shelf resecutive office. Debtor will not remove or preserve or protective office. Debtor will not remove or preserved protective of the numers and addresses of the buyers, commissions as haddress is Debtor's shelf resecutive office. Debtor will notify Secured Party a less of the numers and addresses of the buyers, commissions in any of the Collateral, prior to the proposed effective date of such change. Debtor shelf reserved or security of the such states of Secured Party as shell its and others of Secured Party as shell its and others of Secured Party as so the security in the security in the security of the sec
- and secured Party consents to sale or any other disposition of the Collateral.

  (c) CHATTLE PAPER ACCOUNTS, INSTRUMENTS, DOCUMENTS, SECURITIES and NOTES. If the AMINISTRANCE AND INSPECTION Debots, at its own capenae, shall (a) keep the Collateral in good securities, properly and any other disposition of the collateral in good securities, and any other property by reason of ownership of the Collateral properly and the properly in the same manner as expenses, or other property by reason of ownership of the Collateral, the Collateral in the properly of the Collateral in the properly in the same manner as the Collateral in the Collateral in the properly in the same manner as the Collateral in the properly in the same manner as the Collateral in the properly in the same manner as the Collateral in the properly in the same manner as the Collateral in the properly in the same manner as the Collateral in the properly in the same manner as the Collateral in the properly in the same mann
- 8. TAXES AND EES. Debtor shall pay promptly any and all taxes, assessments and license feet with respect to the Collateral when the same shall become due. If the Collateral is on or affixed to neity owned by Debtor, Debtor shall not be seen shall become due. If the Collateral is on or affixed to neity of the Collateral is one or affixed to neity of the Collateral when the same shall become due. If the Collateral is one or affixed to neity of the Collateral is one or affixed to neity or other property in the control of the Collateral is one or affixed to neity or other than the control of the Collateral is one or affixed to neity or the Collateral is one or affixed to neity or other collateral or some or affixed to neity or the Collateral or some or affixed to neity or the Collateral or some or affixed to neity or the Collateral or some or affixed to neity or the Collateral which is personal to requirements (including, but not limited to, the subrogation of other interests owners in and to such other for the property to Secured Parry's consens will not be deemed to be effective unless and unit because including but not limited to storage facilities or in transit in vehicles, including goods evidenced by Secured Parry does some throughout the full term of this Agreement, Debtor assigns to Secured Parry when Determined and the collateral which some of the collateral which some or a security interest. Secured Parry is consens will not be deemed to be effective unless and unit because, including but not limited to storage facilities or in transit in vehicles, including goods evidenced by Secured Parry or against behavior, one against behavior should be purchased through any person of Debtor's fonce, with torquents accounts and the production of the surface of the collateral should be purchased through any person of Debtor's fonce, with torquents accounts and proposed to the collateral provised for a least 10 deals and the production of the surface of the collateral provised for a least 10 deals and the surface of th

- REMIDUES

  Transfer any of the Collateral or evidence of the Collateral and a tay later time. Secured Parry was a temption and without notice or demand to Debtor, stercise any and all rights and emendists provided to the same as all other rights and remedies Secured Parry possesses, including but not limited to the right to the collateral and the same as a scuring for Debtor's tablishies, to Secured Parry and the same as scuring for Debtor's liabilities, to Secured Parry some name or that of a broad temption of a subject of the collateral and the same as scuring for Debtor's and the same as scuring for Debtor's and the same as scuring for Debtor's accounted between the rights of the same as all other rights and remedies Secured Parry possesses, including but not limited to the right to the provided that upon any prosportion of any finance or other charges as contained with law.

  1. Declare all liabilities provided that upon any prosportion of any finance or other charges in accordance with law.

  2. Require Debtor to assemble the Collateral or evidence of the Collateral and make it available to Secured Parry. Some are provided to a place Secured Parry some and performance or other disposition or action. Secured Parry was determined.

  3. Reposters the Collateral or evidence of the Collateral and make it available to Secured Parry. Some and the register of the collateral and the collateral and the collateral part of the collateral and the collateral part of the collateral p
- \*\* rarry may resell the Collateral and Debtor shall be credited with the proceeds of the sale.

  4. Posses all books and records evidencing or pertaining to the Collateral and any personal property or in the proceed and the proceeds of the sale.

  5. Secured Parry shall not be liable for failing to collect any account, enforce any contract right, or any other act or omission on the part of Secured Parry, is officers, agents or employees, except as the same constitutes bad sociated with the Collateral, and for this purpose Secured Parry is granted authority to enter into and upon any reasonable mature if its action or instation is consistent with general commercial usage of parties similarly situated necessary to enforcement of Secured Parry's rights shall be returned to Debtor on demand, or otherwise upon otherwise upon otherwise against prior parties in an instrument or chattel paper.

  Form TX725